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**FISCAL IMPACT STATEMENT**

**LS 6949**

**BILL NUMBER:** SB 256

**NOTE PREPARED:** Feb 20, 2003

**BILL AMENDED:** Feb 18, 2003

**SUBJECT:** Public school transfer program.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:** Rep. Frenz

**BILL STATUS:** As Passed - Senate

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill establishes a public elementary and secondary school transfer program, allowing the parent of a public school student to request a transfer for the student to enroll in: (1) a different public school in the student's base school corporation; or (2) a public school in a different school corporation. It provides an allocation of public funds for transfer students between the base school corporation and the receiving school corporation and provides that the parent is responsible for transportation and any additional costs. The bill allows school corporations to enter into an interlocal agreement under which students may attend school in another school corporation. It also allows a student who has legal settlement in a school corporation, whose parent owns property for which the parent pays property tax in another school corporation, to attend school in the school corporation in which the parent owns property without transfer tuition being charged.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) The provisions of this bill are not likely to affect the amount of funding that is generated by the school funding formula since students who transfer to a different school corporation will still be counted as a member of the school corporation from which the student originated (the base corporation).

The overall effects of this bill will depend upon the decisions made by the parents of the children who are currently enrolled in the state's public schools. The reported K-12 student Average Daily Membership for the 2002 - 2003 school year is estimated to be 968,400. Each pupil would be eligible. The number of pupils who participate in this program will depend upon the satisfaction of the parent and the child with the child's current school experience, the availability of other programs in either the same school corporation or another

school corporation, the ability of the parent to pay for any difference in tuition, and the willingness of superintendents and principals of school corporations to accept pupils from other school corporations.

This bill could reduce expenditures that the state pays for transportation assistance to local schools. The transportation distribution provision of the school formula defines eligible pupils as "... those counted in the average daily membership (ADM) and transported more than one mile..." (IC 21-3-3.1-2.1). Since the base corporation would no longer be responsible for transporting those pupils who attend a public school in another school corporation, these pupils would no longer appear in the school formula for transportation purposes. The average amount of transportation assistance in 2002 was \$47 and the highest was \$586 per eligible pupil transported.

The administrative costs for the Department of Education can be covered within their existing budget.

*Impact of Transfer if Parent owns property in school district:* The bill allows a student to enroll in a school other than the one in which the student has legal settlement if the parent owns property in the school district the student would attend. The number of students that might be allowed to transfer without paying transfer tuition by the sending school or the parent is unknown. The impact on the state would depend on whether the transfer generated an increase in funding of the school formula. The state impact could vary from a saving of about \$5,000 per student on average to a cost of about \$5,000 per student on average.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill could affect both the operations and revenues of school corporations who lose students and those school corporations who gain students under the Public Elementary and Secondary School Transfer Program. Since the transfer of students requires the approval of both the superintendent and principal that enroll the students, it is possible that no significant changes would occur if they might disrupt school operations or require significant additions of staff and capital facilities for the school enrolling the students.

*Effects on Base School Corporations:* If school children leave the base corporation and enroll in another school corporation, the base school corporation would lose half of the state support that it receives. Based on estimated state aid projections for the 2003 calendar year, the revenue loss could range from \$466.74 to \$5,083.56 per student.

If the school corporation loses sufficient students, it could reduce staff and possibly facilities. If a significant number of children remain in the base corporation but move to a different school within that corporation, the school corporation may need to rearrange classroom space, transfer teachers, and make other adjustments to accommodate the shift in students.

*Effects on Public School Corporations to which Pupils Transfer:* Since each student who transfers would be permitted to receive one-half of the state assistance per ADM from their base school corporation, the student's transfer tuition would range from \$342.50 to \$5,158.61. Based on CY 2003 estimated tuition support, the average transfer tuition per student would be an estimated \$1,893. (The average CY 2003 estimated state support per ADM for Indiana's 294 school corporations is \$3,684 and ranges from \$685 to \$10,317.)

Parents of the transferring pupils are responsible for the difference between the costs of attending the school and the transfer tuition.

School corporations would also need to meet annually with the parents of the transferred student to discuss the student's progress and to determine whether the student's transfer tuition may be renewed for the following year.

The bill provides that if adjoining school corporations enter into an interlocal agreement under which students may attend school in the adjoining school corporations, the terms of the interlocal agreement, rather than transfer tuition statutes, govern the payment. The interlocal agreement may be a savings to the school sending the student to the other school corporation. The impact would depend on the number of schools entering into the agreements.

**Explanation of Local Revenues:** (Revised) *Impact of Transfer if Parent owns property in school:* The bill allows a student to enroll in school other than the one the student has legal settlement if the parent owns property in the school district the student would attend. The number of students that might be allowed to transfer without paying transfer tuition by the sending school or the parent is unknown. The school would lose possible transfer tuition revenue that would have been paid by the parent or sending school.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local School Corporations.

**Information Sources:** Department of Education databases.

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